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Automotive News®

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STRIKES

New-model launches marred at GM, Ford

By Michelle Krebs, Joseph Bohn and David Versical
AUTOMOTIVE NEWS STAFF REPORTERS

Important new-product launches at General Motors and Ford were marred by worker strikes — leaving dealers short of Mercury Tracers and threatening the supply of GM's full-sized pickups at a time when brisk sales were anticipated for both.

In the strike begun last Thursday by 9,000 hourly workers at GM's Truck & Bus plants in Pontiac, Mich., the issues were the same controversial ones expected to be in the forefront of this year's auto negotiations at GM and Ford — subcontracting outside the company, the elimination of job classifications, line speedups and health and safety.

The Pontiac plant is one of three producing the new C/K series pickups, scheduled for official introduction April 24. And if the strike lasts very long, it could hamper the launch of the highly touted truck, since Pontiac has been building 30 percent of the output.

Dealer-factory inventories included 30,200 C/K units as of March 20 — a four- to six-week supply if it sold at the high levels of its Ford and Chrysler competitors.

"No time is good for a strike," said Pontiac Local 594 President Donny G. Douglas. "But a lot of the marbles are in our corner now."

Workers at Ford's new plant in Hermosillo, Mexico, were also having a major impact on a new product launch — in this case limiting the supply of Lincoln-Mercury Division's Tracer, which officially debuted last Thursday, because workers were in the midst of a month-long strike.

The Hermosillo strike left L-M's 2,750 dealers with an average of less than two Tracers each at the onset of the largest advertising campaign in the division's history, estimated to cost $38 million.

AUTOMOTIVE NEWS/JOE WILSSENS

9,000 hourly workers at GM's Truck and Bus plants in Pontiac, Mich., walked last Thursday

Since the new plant had been turning out 200 cars a day, the walkout has cost the company about 4,000 units during the last four weeks. But L-M officials said last week that with about 3,600 cars in dealers' hands and the advertising in place, it would go ahead with the launch despite the uncertainty of future supplies.

L-M dealers view the Tracer as particularly important because it finally gives them a small car they can call their own. It replaces the Mercury Lynx, a subcompact that will be phased out by the end of the year.

Kevin Darcy, sales manager at Bay State Lincoln-Mercury in Framingham, Mass., had sold two Tracers and had eight others in stock last week.

"It gives us a car that is entirely different than a Ford car," he said. "It would be nice to have about 10."

Other L-M dealers said they had about five Tracers in stock. Those dealers outside major cities, especially those teamed with Ford, were expected to have lower supplies.

Meanwhile, negotiators for Ford and the Hermosillo local of the Ford Motor Co. Workers Union appeared to be far from a settlement. The two sides were scheduled to meet late Friday for their first session in a week.

According to Edgardo Vazquez, strike committee president, the union has asked for a 70

see STRIKES, page 56

GM cuts output plan by 100,000

By Michelle Krebs and Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Bloated inventories have forced General Motors to cut close to 100,000 cars from its second-quarter production schedule, which could result in even more layoffs than occurred in the first quarter.

GM declined to confirm the scheduling adjustment but sources both within GM and on the outside said GM scaled back its original second-quarter production schedule by about 9 percent to roughly 1,042,708 units. That was down 2 percent from second-quarter production in 1986.

While GM is cutting its production, Ford Motor Co. boosted its second quarter production schedule by 52,000 cars to 485,000.

The most recent production adjustment at GM is yet another in a trend that has been its story of the 1987 model year. And industry analysts predict it won't be the end of the trend. They expect even deeper cuts in production schedules before

see GM, page 57

AUDI

$5,000 discounts offered to owners

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Audi of America will offer 140,000 owners or lessees of Audi 5000s a $5,000 discount on a 1987 model.

The direct mail, 90-day program, called Audi Private Purchase Plan, is tailored to assist current owners. The program runs from April 1 to June 30.

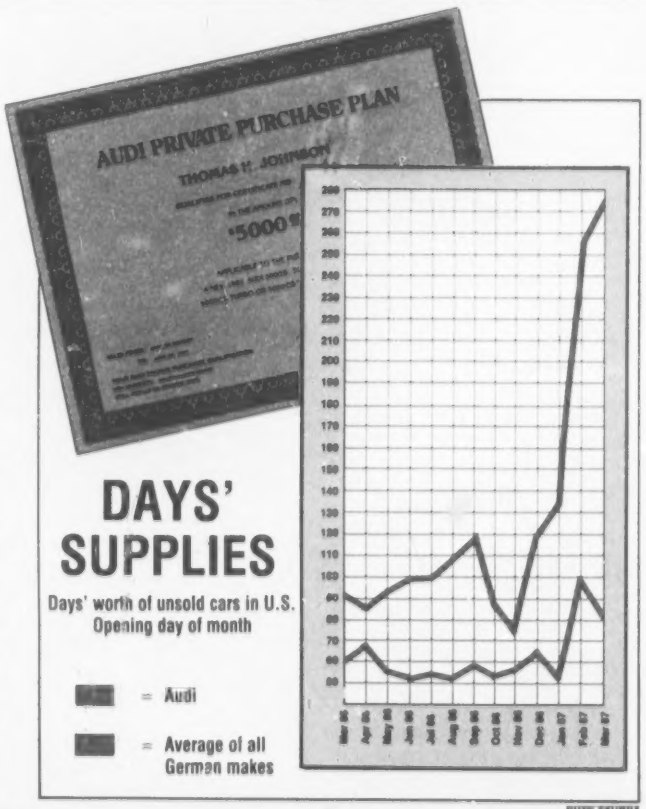
It is the latest move in a campaign to bolster Audi's image, improve sales, reduce inventories, reassure owners and support resale value of 5000 models. All those problems stem from the "unintended acceleration" controversy.

"What we're trying to do is show our loyal owner base that we're absolutely committed to the American market," an Audi spokesman said.

"These people made a commitment to us, and we're making a commitment right back," he said.

"We're not looking for conquest sales. We want to help our own."

see AUDI, page 54



RUTH KALINSKI

Chevrolet to fight imports with '88 entry-level cars

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chevrolet will offer entry-level versions of the Japanese-built Sprint and Spectrum this fall to compete head-to-head with the Hyundai Excel and other small cars priced under $6,000.

The entry-level Sprint, which will be the lower-priced of the two models, would be priced just over $5,000, were it priced today, sources said.

The Sprint is made by Suzuki, and the Spectrum is made by Isuzu.

Chevrolet would not confirm the move, but sources said the division will offer the entry-level models to fill a void left by the discontinuation of the Chevette.

The Chevette had a base price of $4,995 when production ended in December. Dealers said the $4,995 price tag drew showroom traffic. Dropping the Chevette left Chevrolet without a model priced closer to $5,000 than to $6,000 and left dealers without a price leader.

see CHEVROLET, page 54

U.S. Alfa dealers safe, Fiat says

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

TURIN, Italy — Though courted by Chrysler and others, Fiat will stick with its present Alfa Romeo dealer body in the United States, at least until the Alfa 164 luxury model debuts in America late next year.

Fiat Auto Chairman Vittorio Ghidella said in an interview that Fiat's answer to potential U.S. partners is "we must wait." In addition, he said that Lancia, the Fiat-owned marque now merged with Alfa, will not be reintroduced on the American market.

Ghidella also said a U.S. producer has offered to buy some of Fiat's Brazilian production for distribution in the United States, but he added that Fiat is not interested at this time.

Ghidella said he is "dubious" about the benefits of using an American manufacturer's dealer body to increase Alfa volume, and

see ALFA, page 53

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Chevrolet dealers hail Corsica/Beretta launch Page 3

GM products to die if they can't compete Page 56

Makers get delay on passive restraints Page 58

Cappy says buyout would be 'positive' for AMC dealers

By Mary Connelly and Laura Clark
AUTOMOTIVE NEWS STAFF REPORTERS

In his first public comment on the proposed Chrysler Corp. buyout of American Motors, AMC President Joseph Cappy told a group of AMC's top dealers that the marriage would be a "positive thing for dealers."

But if the Chrysler buyout is finalized, Chryler will have the right to brand a Jeep with a Chrysler nameplate and sell it through its dealerships, according to documents filed with the Securities and Exchange Commission.

Cappy told the dealers at a three-day meeting in Naples, Fla., that "there is a lot still to be done," according to a dealer in attendance.

The AMC chief was said to be surprised but not shocked by Chrysler Corp.'s March 9 bid to acquire AMC.

Despite an upbeat atmosphere at the meeting, dealers reportedly expressed concern over who would be in charge of AMC's products at Chrysler and what — if any — Chrysler products would be available to AMC dealers.

Company representatives reportedly told dealers that they were confident that some Chrysler products would be sold through AMC dealers after the acquisition was approved, the dealer said. Several other AMC dealers interviewed last week said they hope Chrysler will make its popular minivans available to them.

In other developments last week, two bond-rating services upheld their ratings of Chrysler debt despite the proposed buyout.

Moody's Investors Service confirmed the long-term debt rating of Chrysler Corp. and its subsidiary, Chrysler Financial Corp. Moody's said it recognizes the "potential benefits of the proposed acquisition of AMC to Chrysler's business position and to its marketing and distribution capabilities."

Moody's termed "manageable" Chrysler's risks in seeking expanded plant capacity "during a period of industry stress" and in view of AMC product liability litigation.

Moody's said the purchase of AMC "undercuts some of the progress Chrysler has made in improving its financial condition and cost structure." It also noted that if the purchase is completed, Chrysler will assume "substantial debt and unfunded pension liabilities" and will acquire two "highly inefficient" plants.

But the rating service said the negative impact on Chrysler will be temporary. The acquisition, Moody's said, fits Chrysler strategy of strengthening its position in the sport/utility market. It also will give Chrysler "a much-needed modern assembly facility," Moody's said.

Standard & Poors also affirmed Chrysler's long-term debt ratings and removed the company from its CreditWatch, affecting about $19 billion of debt and commercial paper. S&P had placed Chrysler on its CreditWatch March 9 following Chrysler's announcement of its planned acquisition of AMC.

S&P said AMC's debt ratings remain on CreditWatch with positive implications pending the deal's outcome.

S&P said it takes "a strongly negative view of the AMC acquisition, questioning both its long-term strategic value and its high price, which totals about $2 billion including debt and pension liabilities to be assumed."

S&P said the purchase is an "aggressive attempt" by Chrysler to increase market share in time of intensive competition and departs from the company's strategy of minimizing fixed costs.

However, S&P said, existing operations' strong cash flow ultimately will offset the negative effect of the AMC purchase.

Documents filed with the Securities and Exchange Commission outlining Chrysler's intent to acquire the 46.1 percent share of AMC owned by Renault outline the following details regarding AMC products:

- Jeep: Chrysler will pay Renault $400 per Jeep vehicle up to a maximum of $200 million for any vehicle sold in excess of 900,000 between Jan. 1, 1987, and Dec. 31, 1991. The documents identified Jeep vehicles as "including Chrysler branded products" and those sold "through any channel."

This is the first indication that Chrysler may be considering putting its own name on a Jeep product and distributing it through its own dealer network.

see CHRYSLER, page 51

AMC audit qualified; Chrysler bid unaffected

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

The auditing firm Touche Ross & Co. qualified its statement on American Motors' financial results because of a $64 million arbitration award against AMC involving its former AM General subsidiary.

Touche Ross said it does not know how the award, which is being challenged in court by AMC, will affect the automaker's financial picture.

Spokesmen for AMC and Chrysler Corp. said the qualification will not affect Chrysler's bid to acquire AMC. The issue of indemnification was not raised in Chrysler's March 9 letter of agreement to purchase AMC stock from Renault.

The arbitration award, announced in February, was based on a 1980 dispute between AM General, a military vehicle maker formerly owned by AMC, and Emerson Electric Co. Emerson charged that AM General breached a contract that would have allowed Emerson to supply parts for AM General's new military vehicle, the Highly Mobile Multi-Wheeled Vehicle (HMMWV).

AMC sold AM General to LTV Corp. for $170 million in March 1983. As part of the sale, AMC agreed to indemnify LTV against any losses resulting from the Emerson claim.

AMC said it will "vigorously" challenge the arbitrator's decision in court.

72-month loans on Chrysler vans

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chrysler Credit Corp. has become the first of the Big Three captive finance companies to break the 60-month financing barrier by offering 72-month loans on its minivan lineup.

Chrysler Credit's strategy comes as dealers receive prices for the automaker's new stretched version of its popular Plymouth Voyager and Dodge Caravan minivans. The Grand Voyager and Grand Caravan, as they are called, are priced more than $800 above comparable editions of its standard-sized model. The new vehicles are 14.6 inches longer than the standard model and go on sale in April.

Six-year loans will be available on both standard-sized and stretched minivans.

Previously, 60-month terms were the longest available through Chrysler Credit, General Motors Acceptance Corp. and Ford Motor Credit Co.

Chrysler Credit said the 72-month financing is not yet available in California, Oklahoma and Utah but is expected as soon as Chrysler completes state law requirements regarding interest rates in those states.

The 72-month terms are not an industry first. While the captive finance companies have not offered six-year loans, banks have been offering 72-month loans for recreational vehicles and expensive luxury cars.

Chrysler said it is offering the longer loan terms because it wants to be able to promote lower monthly payments.

"We want to make sure that vehicle is available to as many people as possible," a Chrysler spokesman said. "We are trying to make that vehicle appeal to people who are on a monthly budget."

Chrysler Motors began producing the longer version of the minivan the week of March 16 at its St. Louis, Mo., assembly plant No. 2.

The stretched version is 190.5 inches long.

The Grand Caravan SE and Grand Voyager SE will carry a base retail price of $11,751, according to Plymouth and Dodge dealer sources. The Grand Caravan LE and Grand Voyager LE will retail at $12,561.

The $11,751 price of the Grand Voyager SE and Grand Caravan SE compares to a retail price of $10,875 for the standard-sized Voyager SE and Caravan SE.

The retail price of the Voyager LE and Caravan LE is $11,741, $820 less than the $12,561 price for the Grand Voyager LE and Grand Caravan LE.

The standard-sized Caravan and Voyager models also are available in a base edition, priced at $10,411.

Engines in the standard and stretch minivans are different.

Stretched version of Dodge Caravan

Chrysler's stretched minivans carry a standard four-cylinder, 2.5 liter engine. The standard-sized Caravan and Voyager carry a four-cylinder, 2.2-liter engine.

A new V-6, 3.0-liter engine developed by Chrysler and Mitsubishi Motors Corp. and produced by Mitsubishi will be offered as an option in both the standard and stretch models. The new engine will replace a 2.6-liter four-cylinder engine that had been offered as optional equipment on the standard-sized Caravan and Voyager.

Chrysler will have the capacity to produce 160,000 stretched minivans at its St. Louis plant, which underwent a $475 million renovation. The company will continue to produce the standard-sized minivans at its Windsor, Ontario, assembly plant.

Chrysler, which created a new market when it introduced the minivan in January 1984, sold 226,047 Voyagers and Caravans in the 1986 calendar year.

TERRIFIC

Chevrolet dealers hail Corsica/Beretta launch

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Chevrolet dealers say the launch of the Corsica and Beretta has been the most successful since the introduction of the Citation in 1979.

Dealers contacted by Automotive News said showroom traffic has been brisk and early sales have been strong — stronger than on most new cars at a time when the market is soft.

The official introduction was March 12, though dealers have been selling the cars since early January. Chevrolet had sold 8,480 Beretta/Corsica models as of March 20. Its sales goal is 500,000 units annually.

Dealers said the reason for the successful launch is the styling, pricing and quality of the cars, the way the cars were launched, and the big promotion behind the cars.

In another sales success story at General Motors, the hot-selling Cadillac Allante nearly met its sales goal for the year in the first weeks after introduction.

In its first month on the market, Cadillac has taken 3,000 dealer orders for the $54,700 two-seaters. The division's goal for the year was 4,000. Retail sales so far are 247 Allantes, and it is not known how many dealer orders are actually customers' orders.

GM's new pickups are hot, too. Several GM dealers said they are selling all the new full-size pickup trucks they can get, though the official introduction date is not until April 24. The C/K trucks are sold through Chevrolet and GMC dealers.

Chevy dealers said customers have been drawn to their showrooms by the styling of the Corsica and Beretta. Dealers polled by Automotive News said they are impressed with the quality, though some mentioned that the aerodynamic styling and better quality are long overdue.

"It looks like the car we should have had two years ago," one said.

Early sales indicate the Beretta coupe is selling somewhat better than the Corsica sedan. Chevrolet expected that would happen initially but predicted the mix will eventually even out. Buyers of sportier cars such as the Beretta tend to be impulsive, wanting to be the first on the block with a new model, dealers said.

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61st year—No. 5173

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Suzuki hangs on to sales strategy

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

BREA, Calif. — Even when Suzuki of America reaches 49-state dealership representation and multi-model status late next year, it will not abandon the retailing philosophy that made it successful in launching its first automotive product, the four-wheel-drive Samurai.

N. Douglas Mazza, newly appointed vice president and general manager, said, "We tell all our people when they hire in that we are in the retailing business, not the automobile distribution business."

It is an important distinction for someone marketing in a maturing industry, especially one which has often considered itself different from traditional retailing, Mazza said.

"We are able to concentrate on a quick inventory turnover," he said. "That eliminates rebates and incentives. It's the most profitable way to run a dealership."

The key to quick turnover is accurate forecasting that is constantly updated to avoid oversupply, Mazza said. "You must forecast the market, not market the forecast," he said.

Mazza

The second ingredient to quick turnover is what Mazza calls a retail point of view.

"This product is made to sell at retail, so everything you do is oriented toward that, from the (dealership) facility to the environment," he said. "Our dealers have the accessories display right in the showroom instead of the parts department, because those accessories are most likely to be ordered while the customer is in the buying process."

Suzuki is averaging an 18-day supply. Sales are growing rapidly since the November 1985

see SUZUKI, page 54

AUCTION DATES

American Motors

March 31 — D-A Auto Auction, New Stanton, Pa.

April 1 — Columbus Fair Auto Auction, Columbus, Ohio, and Metro Milwaukee Auto Auction, Caledonia, Wis.

April 2 — Aptco Auto Auction (dealer only), Taylor, Mich., and Todd Auto Auction, Telford, Pa.

April 7 — D-A Auto Auction, New Stanton, Pa.

April 8 — Minneapolis Auto Auction, Plymouth, Minn.

April 9 — Corry Auto Auction, Corry, Pa.

April 10 — St. Louis Auto Auction, Bridgeton, Mo.

Chrysler Corp.

March 31 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Golden Gate Auto Auction, Fremont, Calif.; Arena Auto Auction, Chicago; and Hatfield Auto Auction, Hatfield, Pa.

April 1 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

April 2 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange Auto Auction, Clifton Park, N.Y.; and Indianapolis Auto Auction, Indianapolis

April 7 — Hatfield Auto Auction, Hatfield, Pa.; Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Nu-CarPrep System, Santa Fe Springs, Calif.; and Dallas Auto Auction, Grand Prairie, Texas

April 8 — A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

April 9 — Fredricksburg Auto Auction, Fredericksburg, Va.

April 10 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

March 31 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

April 1 — Northway Auto Auction, Clifton Park, N.Y.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Lakeland Auto Auction, Lakeland, Fla.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

April 2 — Nashville Auto Auction, Nashville, Tenn., and Skyline Auto Exchange, Fairfield, N.J.

April 8 — Atlanta Auto Auction, Red Oak, Ga.; Concord Auto Auction, Acton, Mass.; Salt Lake Auto Auction, Salt Lake City; Southern California Auto Auction, Fontana, Calif.

April 9 — Arena Auto Auction, Chicago; Dallas Auto Auction, Dallas; and Southwest Auto Auction, Phoenix, Ariz.

April 15 — Lakeland Auto Auction, Lakeland, Fla.

April 16 — Aptco Auto Auction, Taylor, Mich.; Denver Auto Auction, Englewood, Colo.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

April 21 — South Seattle Auto Auction, Kent, Wash.

April 22 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

April 23 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

April 24 — Interstate Auto Auction, Mercer, Pa.

April 28 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

April 29 — Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

April 30 — Nashville Auto Auction, Nashville, Tenn.

General Motors

March 31 — Dallas Auto Auction, Dallas, and 166 Auto Auction, Springfield, Mo.

April 1 — Atlanta Auto Auction, Red Oak, Ga.; Clanton's Auto Auction, Darlington, S.C.; and Omaha Auto Auction, Omaha, Neb.

April 2 — Arena Auto Auction, Chicago; Ohio Auto Auction, Columbus, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

April 7 — Denver Auto Auction, Englewood, Colo.

April 8 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction, Kansas City, Mo.; Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Used Car Sales
Auction Averages

March to date	$5,822
Month ago	$5,711
Year ago	$4,899

Model Breakdown
Auction Averages

	MAR 1987	FEB 1987	JAN 1987
1987	$13,429	$13,406	$13,158
1986	$9,632	$10,038	$11,481
1985	$7,357	$7,382	$7,054
1984	$5,840	$5,940	$5,811
1983	$4,842	$4,843	$4,995
1982	$3,750	$3,628	$3,599
1981	$2,599	$2,537	$2,614
1980	$2,135	$2,167	$1,997
Overall Average	$5,822	$5,711	$5,129

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TEXAS

Fort Worth Auto Auction. 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

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WISCONSIN

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For REALLY BIG RESULTS . . .
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Dealer hit for failing to check miles

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

The license of Vic Hansen and Sons Inc., a used-car dealership in Beloit, Wis., has been suspended for 90 days because of odometer fraud. The suspension began March 2.

The dealership was not charged with actually tampering with odometers but with neglecting to verify the true mileage of 22 cars.

Wisconsin law requires a dealer to attempt to verify the true mileage of cars offered for sale and to inform customers if there is a discrepancy between the odometer reading and the actual mileage.

The Department of Motor Vehicles charged that Vic Hansen and Sons certified the readings of odometers that had been rolled back an average of more than 34,000 miles.

The cars, which had been brought from Kentucky, were purchased at a Chicago auction.

The Wisconsin courts concluded that by November 1980, the firm "knew or should have known that vehicles purchased wholesale from Kentucky dealers were likely to have had their odometers altered."

The suspension followed a three-year court battle in which Wisconsin Commissioner of Transportation Joseph Sweda's ruling of February 1984 was overturned in Rock County Circuit Court, then upheld by the Court of Appeals.

The Supreme Court reviewed the Appeals Court verdict in February and refused to reopen the case.

The original investigation involved 44 vehicles purchased at the Chicago auction and sold by the dealership between 1978 and 1981. The final charges involve only vehicles sold between November 1980 and September 1981.

The commissioner's decision said that although there was no evidence of tampering with the odometers of most cars in question, the Hansen firm should have suspected such tampering. The decision said that the Wisconsin Automobile and Truck Dealers Association had sent a bulletin to dealers in 1976 warning about odometer tampering by Kentucky dealers.

The Wisconsin association sent a subsequent bulletin on the problem in September 1980, and the Wisconsin Department of Motor Vehicles sent a letter about the problem to all dealers in October 1980.

According to court documents, the DMV sent a second such letter in October 1981.

"I'm very disappointed — the courts are wrong," said Gary Antoniewicz, of Antoniewicz and Gregg, Vic Hansen's attorney.

"They have watered down the definition of fraud," Antoniewicz said. "There was no evidence of fraudulent conduct." He said his clients said they didn't recall seeing the association's bulletins or the first letter.

"They said they saw the second letter and they quit buying cars from Kentucky after that," Antoniewicz said.

He said he foresees similar cases in Wisconsin. "If dealers don't read their mail, they can be charged with fraud," he said.

"To me, fraud means real egregious intentional action.

"Everybody in the trade now knows that cars from Murray, Ky., are suspect. But from 1978-81, what responsibility did a dealer have to know that?"

White Engine courting Big 3

CANTON, Ohio — The new owner of White Engine, a military and industrial engine maker, wants to supply the company's 3.7-liter, four-cylinder turbodiesel to manufacturers of Class 2 and 3 delivery vehicles.

Donald C. Stewart, an investment banker, who recently bought the company along with a group of White executives, said the company has discussed supplying the engine with representatives of the Big Three.

White's major business is supplying replacement engines for military Jeeps and trucks.

Stewart bought the company for approximately $57 million from John J. Lennon, White chairman, and the heirs of Edward Reddig. Reddig and Lennon bought White Engine from White Motor Corp. in 1976.

Stewart will be active in the management of the company as president and chief executive officer. Lennon will continue as chairman.

The company's name will be changed to Hercules Engines Inc.

The company was founded by automotive pioneer Henry Timken with the Hercules name in 1915 and is considered to be the nation's oldest manufacturer of diesel engines for motor vehicles.

New plant in Canada to be Honda supplier

TOTTENHAM, Ontario — Newly formed F&P Manufacturing will build an automotive parts facility here to serve a nearby Honda assembly plant.

The $33.75 million (U.S.) facility is a joint venture by the Japanese firms Fukuda Press Industry Co. and Yutaka Giken Co. It will produce front engine mounts, center beams and rear axle beams by this fall.

Ford executives to share record $167 million in bonuses

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co., coming off a record $3.3 billion profit in 1986, has set aside an all-time high $167 million for executive bonuses.

The payout amounts to about 69 percent of the $241.9 million that could have been paid under the company's bonus formula. But Ford has earmarked $74.9 million of that total for other company business.

Last year, Ford distributed $125 million, or 76 percent, of the $164.4 million allowed by the formula. The company's top 44 officers averaged $363,227 each in bonuses, while payouts for the remaining 5,559 eligible executives averaged $19,611 each.

The average bonus will likely be higher this year because fewer workers will be sharing a larger pool. The exact number of eligible employees, whose ranks have been dwindling in ongoing white-collar staff cuts, will be revealed in the company's annual proxy statement, due to be issued by mid-April.

The UAW, in a harshly worded statement, criticized Ford's bonus payments.

The union accused the company of succumbing to greed at a time when suppliers and lower-level employees are tightening their belts in the name of efficiency.

"Ford's profitability is no excuse for dipping into the till in this fashion," said UAW Vice President Stephen P. Yokich, who will lead the union as it negotiates a new contract with Ford later this year.

"For every brilliant decision the executives made in 1986, they made another dumb decision, and this one tops the list," he said.

This year's payout marks the fourth consecutive year that payments have been made under the company's three-decade-old bonus plan. No bonuses were distributed from 1980-82, when Ford lost money.

In 1978, the company adopted a rule allowing it to put aside some of the bonus allowances for other purposes. Before that, any supplemental compensation that was not awarded in a given year was put in a reserve bonus pool. Executive bonus payments of $70 million in 1979, for example, included $31 million from that year's profits and $39 million carried over from previous reserves, a spokesman said.

General Motors has allocated $169 million for bonuses this year. Chrysler Corp. has said it will pay up to $102 million.

Information on Ford's bonuses was included in its 1986 annual report, which was released last week. The report noted that while 1986 was Ford's most profitable year ever, the company will continue efforts to improve quality and cut costs.

The company also described this year's UAW negotiations as "one of the most critical and sensitive challenges" of the year. Job security and the need to improve competitiveness will be at the forefront of the discussions, the report said.

DOMESTIC SALES

	Mar. 11-20, 1987	Mar. 11-20, 1986
Renault		
Alliance-Encore	645†	1,850†
AMC	145†	250†
American Motors	790	2,100
Chrysler	7,721	10,998
Plymouth	11,402	8,740
Dodge	11,786	12,347
Chrysler Motors	30,909	32,085
Ford	47,775	39,394
Mercury	15,322	14,505
Lincoln	4,575	4,830
Ford Motor Co.	67,672	58,729
Buick	14,023	19,622
Cadillac	6,629	8,634
Chevrolet	39,621	47,160
Oldsmobile	24,178	24,445
Pontiac	20,987	23,826
General Motors	105,438	123,687
Volkswagen	1,330	2,047
Honda	7,447	5,031
Nissan	3,358	3,033
Toyota	995	0
U.S. Industry Total	217,939	226,712

†—Estimate

Sales drop 3% for mid-March

Sales of U.S.-built cars slipped a bit in mid-March. The total was 217,939, down 3.87 percent from the 226,712 sold in the March 11-20 period a year earlier.

The daily selling rate in mid-March was 24,215, compared with 22,728 for March 1-10. The daily selling rate has increased steadily, albeit modestly, during 1987. Gains have been posted in all but one of this year's 10-day periods.

However, the mid-March total of 24,215 was lower than the year-ago score of 25,190.

Increases in retail deliveries of new U.S.-made cars were reported by Honda, up 48.02 percent over year-earlier sales, and by Ford, up 15.22 percent. Nissan had an increase of 10.72 percent.

American Motors reported a drop of 62.38 percent. Volkswagen had a decline of 35.03 percent, and General Motors had a fall-off of 14.75 percent. Chrysler Motors dealers reported a 3.67 percent dip in sales in the period.

Toyota, which did not sell U.S.-made cars a year ago, reported mid-March sales of 995 units.

Chevrolet Corsica/Beretta had sales of 2,726 units in the 10 days, and Cadillac Allante had 107.

OBITUARIES

H.J. Cordes

PASS CHRISTIAN, Miss. — H.J. "Pete" Cordes, 64, retired Chevrolet truck advertising manager, died here March 4. Mr. Cordes was with Chevrolet 43 years. He became supervisor of advertising media in 1962, passenger-car advertising manager in 1971 and truck advertising manager in 1977. He supervised Chevrolet's award-winning "Lean on Me" truck advertising campaign in 1985-86.

Meet two of the most efficient moving parts in the Mack® organization. Al Rix and John Guizzetti represent an emerging new generation of distributors, driven by superior customer service and leadership in medium and heavy-duty trucks.

In just 10 years, Al's distributorship has become the dominant force in the Harrisburg, Pennsylvania area, commanding nearly a 30% share of its market segment. Now he's investing in a brand-new facility for even better coverage. John joined Mack in 1981, and has won back-to-back Distributor of the Year honors for his Richmond Hill, Ontario location in Canada. Today, he owns over a 50% share of his marketplace.

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PRODUCTION

2-millionth car built

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Domestic automaker's built their two-millionth car of the year last Friday (March 27), four days behind 1986.

So far this year, 2,013,069 cars have been assembled, 4.94 percent fewer than the 2,117,577 completed last year at this point.

Targeted auto output of 167,086 cars last week was 2.37 percent below the previous week's 171,149 but 26.45 percent more than the year-ago week's 132,138, which reflected the Easter holiday.

Last week's scheduled production was split this way: General Motors, 52.48 percent; Ford Motor Co., 25.59 percent; Chrysler Motors, 12.15 percent; Honda of America Manufacturing Inc., 3.98 percent; New United Motor Manufacturing Inc., 2.39 percent; Nissan Motor Manufacturing Co., U.S.A., 1.75 percent; Volkswagen of America, 1.20 percent; and American Motors, 0.46 percent.

GM's Pontiac Fiero plant in Pontiac, Mich., is idle this week (March 30) for inventory adjustment, affecting 1,000 workers. The plant is scheduled to resume output April 13.

The GM Arlington, Texas, plant resumed production today (March 30). The plant was idle for two weeks for inventory adjustment.

As previously reported, GM's Lakewood, Ga., plant will be idle until early May for model changeover.

Saturday (March 28) overtime was slated for GM's Fairfax, Kan., plant.

Chrysler's Detroit plant was scheduled for Saturday overtime.

Daily overtime is slated this week for Chrysler's Newark, Del., and Sterling Heights, Mich., plants.

Trucks boost lead over '86 total

U.S. truck production continues to inch farther above the 1986 year-to-date total.

So far this year, 941,448 trucks have been built, 6.47 percent more than the 884,219 assembled last year at this point.

Last week's scheduled output of 79,883 units was slightly (0.38 percent) below the prior week's 80,185 but 33.58 percent more than the year-ago week's 59,801. The year-ago week's production was affected by the Easter holiday.

Ford Motor Co. slated Saturday (March 28) overtime at its Norfolk, Va., and Twin Cities, Minn., plants.

All Ford truck plants are scheduled for daily overtime this week (March 30).

Daily overtime is scheduled for Chrysler Motors' Warren, Mich., plant this week.

Canadian trucks reach 200,000

Canadian truck production passed the 200,000 mark last Friday (March 27), 10 days behind 1986.

Canadian car production reached 200,000 a week earlier.

So far this year, 201,818 trucks have been assembled, 12.95 percent below the 231,853 completed last year at this point.

Last week's estimated truck production of 18,472 was 6.43 percent more than the prior week's 17,356 and 13.49 percent more than the year-ago week's 16,277.

Car output of 17,820 last week was 1.61 percent more than the previous week's 17,538 but 12.67 percent below the year-ago week's 20,405.

Year-to-date, 224,215 cars have been built, 16.94 percent below the 269,952 completed last year at this time.

As announced earlier, General Motors' Ste. Therese, Quebec, plant will be down for model changeover until May 18.

U.S. CAR	Week Ended March 28, 1987	Week Ended March 29, 1986	Week Ended March 21, 1987	March Est.	Jan. 1 to March 28, 1986	Jan. 1 to March 28, 1987
AMERICAN MOTORS	775	0	763	3,042	12,553	9,137
Renault Total	775	0	763	3,043	12,553	9,137
Alliance	775	0	763	3,043	11,011	9,137
Encore	0	0	0	0	1,542	0
CHRYSLER MOTORS	20,300	23,200	22,529	88,404	364,573	300,539
Plymouth Total	5,400	5,977	6,366	26,633	100,945	108,223
Horizon	0	2,189	0	2,014	37,743	32,324
Sundance	2,100	0	2,643	9,592	0	27,915
Reliant	2,300	2,680	2,677	10,550	44,676	32,927
Caravelle	1,000	967	1,046	4,477	15,294	15,053
Gran Fury	0	261	0	0	3,230	4
Chrysler Total	7,900	8,207	8,623	31,750	130,613	80,397
Laser	0	906	0	0	13,031	0
LeBaron K	1,800	1,733	2,266	8,249	31,477	22,683
LeBaron J	2,400	0	2,197	7,949	0	21,111
LeBaron GTS	800	2,131	939	3,509	27,250	10,274
New Yorker/E-Class	1,900	1,306	2,007	8,109	19,275	21,880
Fifth Avenue	1,000	2,131	1,214	3,934	39,580	4,449
Dodge Total	7,000	9,016	7,540	30,021	133,015	111,918
Daytona	1,200	835	1,007	4,030	12,382	10,660
Omni	0	2,206	0	1,770	38,585	27,744
Shadow	1,900	0	2,233	8,228	0	24,947
Aries	2,300	2,214	2,599	9,428	33,005	28,548
Dodge 600	1,000	1,555	1,023	4,253	21,325	12,910
Lancer	500	1,554	568	2,212	20,664	7,005
Diplomat	100	850	0	100	7,094	104
FORD MOTOR	42,751	31,257	43,602	172,824	446,675	517,402
Ford Division	29,611	21,164	30,592	121,506	304,555	356,443
Escort	6,395	6,591	8,222	33,277	100,183	93,385
Mustang	4,606	3,325	5,239	19,529	50,395	58,510
Tempo	3,824	3,415	4,404	17,018	52,423	49,804
Taurus	9,340	5,292	9,355	36,047	57,373	119,928
Thunderbird	3,446	2,541	3,372	13,635	44,181	36,816
L-M Division	13,140	10,093	13,010	51,318	142,120	160,959
Mercury Total	9,040	7,141	8,944	34,975	95,112	114,646
Lynx	1,055	967	1,023	4,235	16,898	15,253
Capri	0	380	0	0	4,312	0
Topaz	1,095	941	1,067	4,347	16,508	14,981
Cougar	3,435	2,302	3,377	13,561	29,910	46,538
Sable	3,455	2,551	3,477	12,832	27,484	37,874
Lincoln Total	4,100	2,952	4,066	16,343	47,008	46,313
Continental	408	330	410	1,639	5,367	4,641
Lincoln	3,076	2,215	3,049	12,258	25,265	34,732
Mark VII	616	407	607	2,446	6,376	6,940
GENERAL MOTORS	87,690	69,029	87,805	350,796	1,170,365	998,044
Buick Total	11,955	11,497	13,794	52,478	185,886	182,297
Skyhawk	878	1,458	850	3,492	22,099	11,611
Century	4,255	3,897	4,349	17,682	60,718	51,864
Regal	887	843	795	3,754	11,806	11,803
Somerset/Skylark	0	1,574	2,052	5,981	23,964	21,019
LeSabre (fwd)	2,780	2,039	2,885	9,411	25,988	27,137
LeSabre/Electra(rwd)	343	297	320	1,273	3,432	5,285
Electra (fwd)	2,481	1,193	2,414	9,779	32,509	27,703
Riviera	321	396	329	1,126	5,368	5,861
Cadillac Total	6,457	5,309	7,185	30,071	76,531	66,191
Cimarron	449	542	424	1,798	6,371	5,535
Allante	80	0	56	240	0	611
Brougham (rwd)	2,772	1,582	1,867	9,042	20,389	24,300
DeVille (fwd)	4,000	2,445	3,951	16,045	40,857	45,694
Eldorado	628	396	486	1,551	5,217	4,672
Seville	528	342	401	1,397	3,697	7,379
Chevrolet Total	36,359	19,872	33,767	135,961	384,571	367,903
Chevette	0	0	0	0	28,880	0
Camaro	3,994	1,639	1,115	5,324	55,519	21,058
Cavalier	8,077	6,950	8,038	32,133	112,389	92,039
Celebrity	8,956	5,444	6,963	35,659	80,571	100,741
Corsica/Beretta	7,936	0	7,917	28,535	0	69,383
Monte Carlo	1,728	2,086	2,019	8,756	31,445	18,727
Chevrolet	5,928	3,107	5,053	22,964	69,511	58,226
Corvette	640	646	642	2,568	6,256	7,729
Oldsmobile Total	13,457	19,453	16,176	64,422	302,418	189,811
Firenza	323	1,149	318	1,214	13,733	5,337
Calais	0	2,124	2,787	8,071	37,961	28,800
Cutlass Ciera	3,629	4,220	3,587	14,587	75,818	49,838
Cutlass Supreme	1,700	2,755	1,671	8,048	54,170	14,210
88 (fwd)	5,023	6,465	5,140	21,425	75,503	58,964
88 (rwd)	375	370	312	1,439	6,290	4,779
Olds 98	1,876	2,090	2,018	8,414	35,107	23,206
Toronado	531	280	343	1,224	3,836	4,675
Pontiac Total	17,462	12,898	16,893	67,864	220,959	189,842
Acadian*	0	0	0	0	4,015	0
Fiero	1,200	1,822	1,131	4,701	22,883	9,999
1000	0	0	0	0	9,419	0
Firebird	2,356	893	1,022	5,445	30,236	18,793
2000 Sunbird	2,983	2,514	2,966	11,777	36,612	31,019
Grand Am	5,120	3,961	6,126	22,823	55,580	66,222
6000	2,300	2,417	2,273	9,156	40,532	22,489
Bonneville	3,150	0	3,089	12,548	0	37,998
Safari/Parisienne	373	1,291	276	1,414	21,682	3,322
HONDA	6,650	2,794	7,379	28,087	44,671	84,271
Civic	1,484	0	1,806	7,026	0	30,151
Accord	5,166	2,794	5,573	21,061	44,671	54,120
NISSAN	2,920	1,160	2,946	11,806	22,517	35,098
MUMMI	4,000	3,070	4,111	16,031	34,230	48,651
Corolla	750	0	852	3,274	0	9,951
Nova	3,250	3,070	3,259	12,757	34,230	38,700
VOLKSWAGEN	2,000	1,628	2,014	7,883	21,993	19,923
Golf/GTI	1,750	1,628	1,764	6,933	21,993	17,423
Jetta	250	0	250	1,000	0	2,500
Total Cars, U.S.	167,086	132,138	171,149	678,974	2,117,577	2,013,069
Total Cars, Canada	17,820	20,405	17,538	70,456	269,952	224,215
N. American Cars	104,906	152,543	188,687	749,430	2,387,529	2,237,284
N. American Trucks	98,355	76,078	97,541	392,275	1,116,072	1,143,296
North American Cars and Trucks	283,261	228,621	286,228	1,141,705	3,503,601	3,380,580

All Ford and GM data in Canada.

CANADIAN CAR	Week Ended March 28, 1987	Week Ended March 29, 1986	Week Ended March 21, 1987	March Est.	Jan. 1 to March 28, 1986	Jan. 1 to March 28, 1987
AMERICAN MOTORS	150	94	160	629	1,557	1,855
FORD MOTOR	11,845	9,603	11,360	45,781	136,570	134,611
GENERAL MOTORS	5,800	10,528	5,592	22,373	129,154	63,336
HONDA	200	0	201	773	0	1,713
VOLVO	225	180	225	900	2,671	2,700
Total Cars, Canada	17,820	20,405	17,538	70,456	269,952	224,215

U.S. TRUCK☆	Week Ended March 28, 1987	Week Ended March 29, 1986	Week Ended March 21, 1987	March Est.	Jan. 1 to March 28, 1986	Jan. 1 to March 28, 1987
CHEVROLET	22,743	20,682	24,267	94,201	306,259	273,084
DODGE	5,200	132	5,463	21,520	8	60,562
FORD	33,455	24,451	32,302	132,213	393,062	392,100
GMC	8,295	5,972	7,918	32,035	94,111	93,972
NAVISTAR	1,610	1,290	1,616	6,434	18,417	18,774
JEEP	4,500	3,132	4,435	17,973	54,885	53,894
NISSAN	1,730	1,692	1,834	7,174	18,256	20,852
AM GENERAL*	50	50	50	200	622	600
MISCELLANEOUS*	2,300	2,400	2,300	9,200	28,600	27,600
Total Trucks, U.S.	79,883	59,801	80,185	320,950	894,219	941,448

CANADIAN TRUCK	Week Ended March 28, 1987	Week Ended March 29, 1986	Week Ended March 21, 1987	March Est.	Jan. 1 to March 28, 1986	Jan. 1 to March 28, 1987
AMERICAN MOTORS	625	616	643	2,564	2,133	7,594
CHRYSLER	8,494	7,818	9,178	35,127	110,013	106,135
FORD	3,648	3,042	3,242	13,304	42,806	39,750
GENERAL MOTORS	5,505	4,621	4,109	19,550	74,572	45,994
NAVISTAR	200	160	185	780	2,329	2,345
Total Trucks, Canada	18,472	16,277	17,356	71,325	231,853	201,818
N. American Trucks	98,355	76,078	97,541	392,275	853,667	1,143,266

BMW opens prep center in Georgia

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

MONTVALE, N.J. — BMW of North America opened its new vehicle preparation center (VPC) in the port of Brunswick, Ga., last week as part of an estimated $20 million program designed to bring all BMW vehicle preparation under the corporate umbrella.

The new center will serve 54 dealers in the Southeast.

Michael B. Jackling, executive vice president of BMWNA, said the BMW-owned VPCs "give us the capability to deliver automobiles in showroom condition."

The program began in 1985 when BMW established a pilot VPC in LaPorte, Texas, near Houston. The company then was studying the benefits of operating its own prep centers and decided late last year to do so.

The VPCs are part of BMW's $100 million building and development project, which includes a new corporate headquarters near Montvale as well as regional buildings.

Eventually, BMW will operate four prep centers. The Texas site is already on stream and Brunswick will be fully operational in mid-1988. Until then, the company has contracted with International Auto Processing, also in Brunswick, to perform non-mechanical preparation work on the cars.

BMW has a contract to buy land in Point Hueneme, Calif., and also is considering several sites in the Northeast for a VPC.

Joachim Frings, vice president of engineering, said the company will continue to use the Port Newark-Elizabeth, N.J., port while looking for a Northeast location.

Late last year, BMW decided not to use Jacksonsville, Fla. The company cited air pollution, which damaged the finish of the cars, as a reason for leaving that port.

Brunswick was selected as the port and VPC site for BMW's Southeast operations.

The Brunswick VPC represents a $4.5 million investment for BMW in the building and equipment on a 25-acre site, which the company has leased for 15 years.

There is also an option with the Georgia Port Authority for three additional five-year extensions of the lease.

The Georgia facility will account for approximately 15 percent of BMW's national volume or about 16,000 units.

BMW says it won't enter domestic 'warranty war'

WASHINGTON — BMW is in the midst of introducing the most new models in its history as part of a bid to become the world leader in the luxury-car class, but it has no plans to match the extended warranties offered by domestic manufacturers.

"We didn't enter the first American warranty war, and we will not enter the second warranty war," said Michael Jackling, executive vice president of BMW of North America.

Calling the limited powertrain protection of the extended warranties a "hollow claim," Jackling said, "It's cheaper to extend the warranty than to give a $2,000 rebate or low financing."

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Japan's sales may fall short of U.S. quota

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Importers are preparing for the possibility that for the first time some Japanese companies will be unable to sell their entire quotas of 1987 cars.

"The 2.3 million Japanese car sales mark is in jeopardy in 1987," said Doug Mazza, vice president and general manager of Suzuki of America Automotive Co., Brea, Calif. "They may make it, they may not."

Robert Stallsmith, sales vice president for Mitsubishi Motor Sales of America, Fountain Valley, Calif., agrees with Mazza's assessment. "More than one Japanese manufacturer may be unable to sell its quota. If we all do, it will be one tremendous struggle," he said.

Several factors have combined to threaten the fulfillment of the quota, imposed by Japan's Ministry of International Trade and Industry.

Among them: a surge in inventories of unsold cars, a dramatic strengthening of the yen that has pushed up retail prices and squeezed Japanese automaker profits, growing supplies of Japanese-designed cars built in the U.S., a downturn in total U.S. car sales in 1987 and increased competition from new entry-level marketers and from the United States and Europe in the upscale segments the Japanese have been targeting.

Hardest hit are the small and medium-sized importers and the captive imports of Chrysler Motors and Chevrolet. They are faced with the prospect of huge stockpiles as they enter the new quota year, which began April 1.

The surplus of Japanese cars will

see QUOTA, page 61

Nissan to hike overseas output

By John A. Russell and Jake Lucas
AUTOMOTIVE NEWS STAFF REPORTERS

Nissan plans to build 25 percent of its vehicles outside Japan by the early 1990s and may even close plants at home if the dollar continues to fall.

Kume

"If the yen/dollar relationship were to go to the 130/140-yen level, we might be forced to look to even greater overseas manufacturing and that might well result in the idling of domestic plants," said Yutaka Kume, Nissan's president.

Kume was interviewed by the

see NISSAN, page 51

TRUCKS: *Class 8 makers outline plans for future as ATD stages convention in Dallas*

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DALLAS — Medium- and heavy-duty truck manufacturers are generally upbeat about sales prospects this year, though they still see more mergers and shakeouts on the horizon.

Such consolidations were major topics of discussion at this year's American Truck Dealers convention. The five-day event winds up tomorrow (April 7).

But talk also centered on upbeat sales forecasts. Manufacturers are projecting sales of 115,000 to 120,000 Class 8 trucks for the 1987 calendar year, up from 112,871 last year.

Still, sales more on the order of 150,000 would be needed to sustain all the players and the production capacity in the industry, said Peter Rupp, chairman of Freightliner.

By 1990, demand is expected to be "up a bit" from current levels, according to executives such as Thage Berggren, president of Volvo White, though it's unlikely to reach the 150,000 level.

For the time being, though, companies like Navistar, Mack, Freightliner, Volvo-White, Ford and PACCAR report strong increases in new-vehicle orders.

Some of those companies are working overtime. But John Curcio, chairman of Mack Trucks, said most of the sales and production activity in Class 8 trucks usually takes place in the earlier part of the year.

Meanwhile, for many companies, this is a pivotal year.

Volvo-White and General Motors are currently forging their new Volvo GM Heavy Truck Corp., expected to begin operations Jan. 1.

During this transition period, they also are working diligently to retain GM's market share and owner base.

In setting up their new company, officials will eliminate about 210 of their current combined 510-dealer network.

As Berggren pointed out, "It is important that we assign (Volvo GM Heavy Truck Corp.) dealers a big enough territory to live on. If we do that, we'll end up with 300 AORs (areas of responsibility)."

Mack is currently locked into critical negotiations with the UAW — negotiations that will determine where some of its key products are sourced.

see TRUCKS, page 30

'Progressive' work pacts split UAW; lasting anger is feared

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

PONTIAC, Mich. — Last week's quick strike settlement at General Motors' Truck & Bus complex signaled a victory for UAW members who feel strong-armed by automakers into accepting so-called "progressive" work methods.

The Pontiac settlement underscores a widespread problem between union and management, a philosophical battle over teamwork versus territorial rights. And beneath the surface are basic fears that if teamwork is successful, it can have a divide-and-conquer effect on union solidarity.

In the end, it comes down to trust and cooperation — underlying themes in this year's labor talks at GM and Ford. In settling with UAW Local 594 in Pontiac, GM agreed to restore job classifications previously eliminated by the "team method" of production, which combines and rotates jobs rather than the traditional system where each worker has a specific job and uses seniority rights to change jobs.

Many union members — such as Claude Thornton, president of the UAW Local 93 in Leeds, Mo. — feel workers are being forced to accept the team approach or lose their jobs. But the pointman on the other side, UAW Vice President Donald F. Ephlin, says it's all part of understanding where the future of the auto industry lies.

"We're being whipsawed with the blessing of

see UAW, page 60

AUTOMOTIVE NEWS/JOE WILSSENS
UAW Vice President Donald F. Ephlin

McDonald: GM may close more parts plants

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors President F. James McDonald said GM might close more components plants after completing its study of the competitiveness of parts operations.

"I wouldn't say that the possibility (of more closings) doesn't exist in the next year," McDonald said in an interview.

GM is evaluating every product line within its component groups. Each product line is graded on competitiveness, with the most weight given to quality and cost. Then, each line is ranked under GM's system that gives it a red,

see McDONALD, page 57

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Daf seeks U.S. sales via PACCAR dealers Page 2

Chrysler eyes Renault Alpine Page 3

Japanese given parts warning Page 6

Japanese sales dip in Europe

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Sales of Japanese cars in western Europe continued to fall in February following a sharp reduction in exports to Europe late last year.

With stocks at a low level, sales by Japanese manufacturers were down more than 10 percent through the first two months of 1987. Combined market share in January and February was 9.7 per cent, compared to 11.7 percent for all of 1986.

Overall car sales in Western Europe were marginally behind the same period last year. The two-month total was 1,833,900 compared with 1,838,500 in 1987.

Fiat Auto held onto the sales lead over Volkswagen Group even without its new acquisition, Alfa Romeo, included in the Fiat total.

The sales figures are derived from industry estimates compiled by Automotive News.

Under mounting pressure from European governments, Japanese makers sharply reduced shipments to Europe in November and December of last year. But exports to Europe increased 38 percent in January over the 1986 total, prompting the European Commission in Brussels to threaten Japanese producers with broad sanctions.

European automakers reportedly have agreed on a proposal that will be submitted to the commissior.. It would limit Japanese sales in the Common Market to about 11 percent until the European share in Japan rises from its current 2 percent to at least 5 percent. The proposal would apparently retain current quotas in Italy, France, Spain and the United Kingdom.

see SALES, page 57

EUROPEAN SALES

Manufacturer	Two months 1987	1987 share*	Two months 1986	Pct. Change 1987 vs. 1986
Fiat Group**	290,900	15.9	281,000	+ 0.4
VW-Audi-Seat	257,800	14.1	256,900	+ 0.3
Ford	214,300	11.7	214,200	+ 0.1
PSA***	212,900	11.6	206,100	+ 3.3
Gen. Mtrs.****	202,900	11.1	216,800	- 6.4
Renault	192,000	10.5	172,900	+11.1
Japanese (all)	177,900	9.7	198,300	-10.3
Toyota	45,400	2.5	49,600	- 8.5
Nissan	41,800	2.3	45,800	- 8.6
Mazda	29,600	1.6	37,900	-21.9
Mitsubishi	20,700	1.1	21,900	- 5.5
Austin Rover	75,600	4.1	72,800	+ 3.7
Mercedes-Benz	70,700	3.9	71,300	- 0.9
Volvo	45,300	2.5	48,900	- 7.5
BMW	42,900	2.3	49,600	-13.5
Others	50,700	2.8	49,700	+ 2.2
Total	1,833,900	100.0	1,838,500	- 0.3

*—Total does not add to 100 percent because of rounding.
**—Includes Alfa Romeo
***—Peugeot, Citroen, Talbot
****—Opel, Vauxhall, Isuzu, GM-U.S./Canada

Mexico strike stifles Tracer intro in U.S.

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Weeklong negotiations failed to settle a strike at Ford Motor Co.'s new assembly plant in Hermosillo, Mexico, while U.S. dealers were confronted with shrinking or nonexistent supplies of the Mercury Tracer.

The five-week walkout has cost production of 5,000 cars and has kept another 1,200 of the subcompacts locked inside the complex.

Lincoln-Mercury's 2,750 dealers in the United States have been left to share 3,600 vehicles that were shipped before the strike. Some dealers have received no Tracers, and others have nearly sold out their stock as L-M continues the most expensive new product advertising launch in its history.

"As far as I'm concerned, the situation is critical now," said Edsel B. Ford II, L-M general marketing manager. "But then I'm a marketing guy, and I want the cars."

The company has other concerns, however. Louis R. Ross, Ford executive vice president for North American Automotive Operations, noted last week that the workers are seeking "two to three times what the government and other industries are recommending. So it's kind of bad practice to establish your first contract at two to three times the local levels."

The 850 strikers agreed to a two-year contract a year ago, with a provision that allowed wages to be renegotiated, a Ford spokesman said.

According to Hector Uriarte, general secretary of the Hermosillo local of the Ford Motor Company Workers Union, the recommended wage increase in the state of Sonora, which includes Hermosillo, is between 23 percent and 32 percent. The Mexican government sets the guidelines in an effort to control the country's serious inflation problem.

He said that most workers make less than 118,000 pesos ($96) per month. The union is seeking a 70 percent wage increase.

The plant opened in November and is currently supplying cars exclusively for the U.S. market.

Elsewhere in Mexico, 2,500 workers at Nissan Mexicana walked off their jobs last Monday (March 30) at the automaker's assembly and engine machining plant in Cuernavaca. They are seeking a 60 percent wage increase; the company has offered 50 percent.

Automotive News Staff Correspondent Stephen Downer in Mexico City contributed to this report.

2CV: bowed at 1948 Paris Motor Show

'IMMORTELLE'

Citroen to produce 2CV in Portugal

By Jean-Jacques Renaux
STAFF CORRESPONDENT

PARIS — Jacques Calvet, the head of Citroen and its parent company, PSA (Peugeot), often has said, "La 2CV est immortelle."

Calvet owned a 2CV as his first car. And, true to his word, Calvet hasn't killed the simplistic, 38-year-old small Citroen.

However, production of the 2CV will move to Portugal next year.

Although everybody still seems to love the 2CV, only about 56,600 were sold in 1986, and it is no longer feasible to keep the 95-year-old LeVallois plant in Paris working intermittently to produce a car that sells for $4,450 to $5,165.

Interestingly, France has not been the top market for the 2CV in recent years. In 1986, Germany bought 15,700 units — compared to 14,000 sold in France.

It is ironic that the young German "greens" (the ecology-minded people) supported the car, since one of the 2CV's problems is that its small, air-cooled, 2-cylinder 600-cc engine cannot meet the U.S.-type exhaust emission standards due to be implemented in some non European Economic Commission countries.

For that reason, sales in Austria and Switzerland will end this year.

Development of the 2CV was carried on secretly during World War II, and the 2CV bowed at the Paris Motor Show in 1948. Someone reportedly joked: "Do they supply the can-opener with it?"

Still, in 1950, the 2CV had a waiting time for delivery of six years. More than 5 million of the cars have been produced.

At Mangualte in Portugal, production capacity will be only 70 to 80 cars a day, compared to the current 150 a day.

Is the end of the car really in sight? Not yet. Citroen still hopes to reach an agreement with the government of India about transferring production there.

Daf seeks U.S. sales via PACCAR dealers

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

van der Padt

EINDHOVEN, Netherlands — Daf Trucks, the only major European truckmaker without operations in the United States, is negotiating to sell a medium-range Leyland model through PACCAR's dealer network.

In an interview here, Daf Chairman Aart van der Padt also said the company is interested in setting up a U.S. manufacturing base and might consider a small-scale equity acquisition as a entry to the North American market.

Van der Padt said he will meet soon with PACCAR President Charles Piggott to discuss a possible distribution arrangement.

Daf, which delivered just over 16,000 trucks last year, recently bought a majority interest in Britain's Leyland Trucks. It had already agreed to market Leyland's 8.3-ton Roadrunner medium truck in Continental Europe and may also sell the vehicle in the United States through PACCAR, a rival bidder for Leyland.

"I've met Mr. Piggott once and we are planning to indeed have a discussion," van der Padt said. "We don't know the U.S. market and they are, of course, very strong and well established and maybe we can develop a common interest."

The two companies are said to be considering annual volume of about 3,000 units.

The exploratory talks grew out of separate discussions PACCAR and Daf held with British government-owned Rover Group about the sale of Leyland.

"PACCAR showed an interest during negotiations with the United Kingdom government in certain product lines that could be marketed in the United States," van der Padt said.

Though the Roadrunner is seen as the most probable model for distribution, he said there may be other products in the Daf-Leyland stable for the United States.

But despite the possible distribution deal, van der Padt said, "In the long run, you should do a relatively big assembly or manufacturing job in the United States, not just importing" van der Padt said. "I suppose that could be the long-term answer to the fluctuations in the exchange rate."

Daf has been involved with a U.S. manufacturer before. Navistar once held a 37.5 percent share in the company, but sold out in the midst of its deep financial troubles in 1984.

"Our company is not financially strong enough to buy itself into that market as Mercedes and Volvo have done," Van der Padt said. "We have to look to other ways. But on a smaller scale, I wouldn't exclude equity participations."

As for potential partners in the United States, he said, "We are going to see PACCAR. We tried Navistar before, but that didn't work out. Maybe you have to go into special niches."

Merged with Leyland, Daf is now the sixth largest maker of heavy trucks in Europe, with combined production of more than 24,000 vehicles over 6.6 tons last year.

Ferrari sets up engineering consultant operation

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

MARANELLO, Italy — A new engineering consultancy staffed by Ferrari design technicians has been spun off from the Italian manufacturer to take on outside contract work.

But unlike much larger engineering job shops at Porsche and Lotus, Ferrari Engineering S.p.A. is sticking to non-automotive clientele, according to Giovanni Razelli, Ferrari S.p.A. general manager

The subsidiary, which is made up of 20 engineers headed by Mauro Forghieri, is regarded as a way to generate new revenue and develop technologies while Ferrari car production remains low.

The unit was formed last year and moved into its own facility in January. It has signed consulting contracts with five companies — two machine-tool builders, a foundry, a special materials group and a robotics firm.

But so far, Ferrari Engineering isn't doing business with car companies, and Razelli indicated that things will stay that way. Parent company Fiat, which owns 50 percent of Ferrari, has reportedly vetoed the idea of servicing other automakers.

"All car manufacturers would be interested in the Ferrari engines," said Razelli. "We need Ferrari Engineering to develop our capability, not to sell to other carmakers."

Porsche's consultancy arm in Weissach, West Germany, has boosted the parent company's revenue by helping such relatively low-tech producers as Lada, and in the past, Seat develop complete new cars and engines. But Razelli said Ferrari Engineering is not big enough to take on similar projects.

"Porsche's size is 10 times our size," he said. "They have the devices to make tests and so on.

Razelli projected 1987 sales volume at about one percent of Ferrari S.p.A.'s expected turnover of 340 billion Italian lira ($26.1 million).

Ferrari reportedly wants the engineering arm to provide as much as half its revenue some time in the future. But Razelli cited a less lofty objective by the early 1990s.

"We have a goal that is very ambitious," he said. "We are too young to mention the goal officially. But to give an idea, we would like to achieve two or three times today, so 3 percent in five years. Then, we will see."

Though smaller in scale, the theory behind Ferrari Engineering is similar to that of Porsche and Lotus. Both firms have used consultancies to help pay the cost of keeping low-volume makers on the leading edge of new technology.

"The aim is to develop technological materials for production to pay for our necessities without increasing volume," Razelli said.

AMC, Ford extend incentives; Chrysler cuts off

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. and American Motors last week extended their retail incentive programs on selected 1986 and 1987 cars and trucks, while Chrysler Motors plans to end incentives April 10 on all vehicles except minivans.

On March 30, Ford said it would extend its low-interest rate and rebate incentive program on 1986 and 1987 Ford Taurus, Mercury Sable, Ford Bronco II and Ford Ranger models through April 30. Incentives for those vehicles were to end April 6.

The extension will allow Ford to keep pace with General Motors incentive programs on Buick, Oldsmobile, Pontiac and Cadillac, which also run until April 30. GM stayed put on its own incentive programs last week.

On March 31, Chrysler announced it will end its low-APR financing and cash rebate incentives April 10. The incentives cover most of its car and trucks. The program did not have an expiration date when Chrysler sweetened its incentives in February.

Chrysler, however, will continue to offer 72-month loans on the standard-sized and stretched versions of its minivans beyond April 10.

On April 1, AMC said it would extend and enhance its cut-rate loan or rebate incentive program on Alliances and selected Jeeps. The program, which was to end March 31, requires a $200 dealer participation on the Alliance cash rebate.

French automaker Peugeot joined domestic automakers in offering cut-rate financing on 1987 models. Peugeot began offering loans between 3.9 percent and 7.9 percent on all 1987 models on April 1. The program ends June 30. Dealer participation is required and a Peugeot spokesman said the average cost to the dealer will be $340 per car.

Peugeot is continuing to offer dealer incentives of up to $2,000 per car on 1986 models sold at retail.

The Ford program, which does not require dealer participation, provides for 3.9 APR financing up to 24 months, 5.9 APR up to 36 months, 6.9 APR up to 48 months and 9.9 APR up to 60 months. Buyers can opt for cash rebates instead of low financing on 1986 and 1987 models of Taurus/Sable ($400), Ranger ($500) and Bronco II ($600).

Previous programs that offered both low APR financing and rebates required dealer participation.

The Chrysler plan, which does not require dealer participation, offers cut-rate financing and cash rebates. The finance plan includes 3.7 APR on 24-month loans, 5.9 APR on 36-month loans, 6.9 APR on 48-month loans and 9.9 on 60-month paper.

The optional cash rebate program provides $1,000 for 1986 and 1987 models of Chrysler Fifth Avenue and New Yorker; $1,500 on 1986 and 1987 Dodge Lancer ES and Chrysler LeBaron GTS Premium models; and $500 on 1986 and 1987 Dodge 600, Chrysler LeBaron, Dodge Lancer and Chrysler LeBaron GTS models. Buyers may choose either the rebate or APR program.

The 1987 LeBaron coupe model is not included in the incentive program.

Buyers of the imported 1986 and 1987 Conquest and Colt Vista models, 1987 Dodge and Plymouth Colt DL and Premier models with value packages, and Colt E models can receive a $300 rebate or APR program.

Chrysler is giving both APR financing and cash incentives on some of its models. The automaker is offering $500 on Dodge Daytona and Chrysler Laser models purchased with low-rate financing and $900 cash without financing. Buyers can receive $600 on 1986 and 1987 Dodge Aries and Plymouth Reliant models purchased with low APR or $900 without. Also, Chrysler is giving $500 with the purchase of a 1986 or 1987 Dodge Charger or Plymouth Turismo with the low-APR financing and $800 for buyers who don't take the financing package.

On trucks, Chrysler is offering a $300 rebate on its Dakota (excluding the S model), $500 on 1986 and 1987 Ram 50 and Power Ram pickups, and $1,000 on 1986 and 1987 Dodge Ramcharger sport utility vehicles. Buyers may choose between rebates or the APR program. Standard-sized Dodge pickup trucks give $500 cash rebates with financing and $1,000 without.

AMC is continuing to offer $500 cash rebates or cut-rate financing programs on leftover 1986 and 1987 Alliance, Encore and GTA models. The previous program, which is no longer in effect, offered a $500 rebate or a choice of either free air conditioning or automatic transmission.

Incentives on Jeeps include $700 rebates on two-door Cherokees and $500 on four-door Cherokees and Wagoneers. Buyers of those two models may opt for the APR program instead of the rebate. The previous program did not include those models under the APR program.

Also, buyers will receive a $700 rebate on 4wd Comanche longbed pickup trucks and $500 rebate on 2wd versions. Buyers can opt for the rebate or the APR program on those vehicles. The previous program did not include the 2wd longbed model.

Incentives on Wrangler models will continue to include a choice between a six-cylinder engine and power steering at no charge or a $500 rebate.

AMC is offering 2.9 APR on loans up to 24 months, 6.9 APR on loans up to 36 months, 8.9 APR on loans up to 48 months and 9.9 APR on 60 months.

No dealer participation is required on the financing program at AMC.

Cadillac said it is offering 3.9 percent/24-month loans to 9.9 percent/60-month loans on 1986 and 1987 Cimarron models ordered from dealer stock between March 20 and April 30. No dealer participation is required.

Lane says incentives 'are probably here to stay'

WASHINGTON — Incentives in one form or another are likely to remain in place throughout the balance of the 1987 model year, according to William W. Lane, Oldsmobile general manager.

Lane said incentives "are probably here to stay" and added, "You'll be seeing more incentives from imports" as well.

Of the current market, Lane said, "It's a good strong market. However, with more competition, it's difficult to say what is normal versus what was normal a couple of years ago."

— Matt DeLorenzo

Renault's Alpine eyed by Chrysler

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

A top Chrysler Corp. executive hinted that the Renault Alpine — contrary to persistent rumors — could survive Chrysler's takeover of American Motors.

Chrysler Motors Chairman Gerald Greenwald, speaking to senior money managers and economists in New York last week, indicated that Chrysler may be leaning toward importing and marketing the Alpine if the proposed AMC acquisition is successful.

Greenwald described the proposed Chrysler/AMC marriage as a "win-win deal all around."

"If the AMC deal goes through, Chrysler will get exclusive access to three Renault-designed products — the Premier, the Medallion and the Alpine," Greenwald said at the Morgan Stanley Global Automotive Seminar.

Greenwald's comment indicates Chrysler may be leaning toward continuing AMC's plan to import the two-seat, mid-engine Alpine sports car from Renault. AMC had planned to import the car this fall.

Two-seat, mid-engine Alpine

However, an AMC spokesman said the Alpine program has been placed on hold at AMC because of uncertainty about the car's future raised in documents filed with the Securities and Exchange Commission.

In France, inside sources expressed serious doubt that the Alpine would be imported after the buyout. The Alpine was headed for the United States as a Renault flagship and to keep French Renault workers' jobs, they reasoned. Neither factor would be an impetus to Chrysler, they said.

Documents filed last month with the SEC relating to the proposed buyout of AMC by Chrysler have detailed some product plans. Chrysler will continue AMC's plan to manufacture the mid-size Renault Premier and import the compact Renault Medallion, according to the documents.

However, the documents state only that the Alpine program will be reviewed by Renault and Chrysler.

Sources in France at the time the proposed acquisition was announced suggested the Alpine program might be vulnerable. Chrysler plans to introduce a limited-volume Chrysler TC coupe by Maserati as a 1988 model in the same $30,000 price range that was anticipated for the Alpine.

The Alpine, which is produced at Renault's plant in Dieppe, France, was planned as a 1988 model.

AMC President Joseph Cappy has said in the past that the Alpine was designed as a "flagship" model, expected to "help the Renault brand by getting consumer recognition and establishing top-of-the-line awareness."

In other developments related to the proposed buyout, Chrysler is scheduled to complete its "due diligence" investigation of AMC by Thursday, April 9, according to the SEC documents.

Chrysler and AMC have shared information on future product plans, manufacturing, marketing strategies and financial commitments as part of the investigatory process, sources said.

The customary review in such takeover attempts is covered by a confidentiality agreement regarding "all non-public information furnished," according to the SEC filings.

Frederick W. Zuckerman, Chrysler treasurer, compared the due diligence process to buying a used car and taking it to a mechanic for a diagnostic test.

According to SEC filings, the investigation is scheduled to be completed prior to April 9. That deadline could be extended until April 23 if Chrysler "discovers an unforeseen problem" during the investigation, according to the filings.

Chrysler and the French automaker Renault announced March 9 a letter of intent outlining Chrysler's plan to acquire Renault's 46.1 percent stake in AMC.

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10Ks list spending plans, suits at GM, Ford, AMC

By Michelle Krebs and Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTERS

American Motors executives saw bigger paychecks in 1986 but still received no bonuses, according to the 10K report filed with the Securities and Exchange Commission last week.

Compensation figures were not included in the 10K filings made by General Motors and Ford Motor Co. last week, but other spending plans and damage estimates from anticipated court cases were included.

Pierre Semerena, a Renault executive who became AMC chairman Jan. 15, 1986, received $310,195 in compensation in 1986. The 10K report also showed that AMC keeps a Manhattan apartment for Semerena, spending $60,077 in 1986.

The filings said that Semerena was given a three-year employment contract with an annual base salary of $200,000. He received more than the base salary in 1986 to offset the fact that Semerena will have to pay taxes in two countries.

Joseph E. Cappy, who replaced Jose Dedeurwaerder as president and chief executive officer March 21, 1986, received $304,635 in cash and deferred compensation. In 1985, Cappy, then executive vice president, received $222,148. Dedeurwaerder, a Renault executive, became AMC vice chairman.

John P. Tierney, vice president and chief financial officer, received $205,459 in cash and deferred compensation. Francoise J. Castaing, group vice president, received $201,175, up from $149,425 in 1985. Jesus Peon, vice president, received $206,495.

As a group, AMC's 19 executive officers received $3,491,115 in cash and deferred compensation. No bonus awards were made in 1986.

Paul Tippett, former AMC chairman who stepped down from the post in December 1985, received $225,000 from AMC in 1986. Tippett had an employment agreement with AMC that provides him with 50 percent of his original monthly base salary for his lifetime.

The SEC filings also showed that the potential lawsuit liabilities from Jeep C-J roll-over accidents has declined from a year ago because some cases have been closed and fewer are being filed. The estimate for damages from the cases was put at $1.4 billion, down from an estimated $1.8 billion at year-end 1985.

The filings revealed that AMC spent $69.7 million on research and development, up from $45.0 million and $48.6 million in 1985 and 1984, respectively. Capital expenditures were forecast to be about $750 million in 1987 and 1988.

GENERAL MOTORS: General Motors' 10K report did not list the salaries of the automaker's top five executives; that will be shown in the proxy statement due out later this month.

The 10K showed, as did the annual report released last month, that GM has reserved $169 million for executive bonuses. That is down from $219 million awarded in 1985. Performance Achievement awards for 1986 will total $9 million, compared with $22 million in 1985 and $33 million in 1984.

At the same time, GM said U.S. profits fell short by $1.5 billion for the profit sharing formula to kick in. GM's hourly workers receive no profit sharing for 1986.

GM's filings with the SEC show that 15 lawsuits have been filed in state and federal courts from Dec. 4, 1986 to Feb. 13 challenging the $700 million buyout of Electronic Data Systems founder and former GM director, H. Ross Perot, and former EDS executives Morton H. Meyerson, J. Thomas Walter Jr.

see 10K, page 58

Quality still a major problem for U.S. firms, survey finds

Executives place blame on management actions

BURLINGTON, Mass. — Despite an awareness of the need to improve the quality of American products and services, a survey of senior executives found that higher quality is still eluding American companies.

The survey found that some 90 percent of the executives believe that poor management execution — not lack of awareness of the need to address quality issues — is the biggest problem related to improving quality today.

Moreover, more than three-quarters of the executives polled agreed that "the typical rank-and-file worker would like to be associated with a quality product, but doesn't know how to make it happen."

Organizational Dynamics Inc., a management consulting and training firm specializing in quality and productivity improvement systems, sponsored the survey to gauge quality improvement efforts in American corporations.

ODI said the survey was based on in-depth telephone interviews with top-level executives of the largest companies in the country. Forty-eight of the senior managers were employed by industrial corporations, the other 53 at service firms.

"These business leaders apparently realize that 'quality' is much more than a buzzword," said George H. Labovitz, president and founder of ODI. "They clearly recognize quality as critical to the success of their companies. Translating this awareness into measurable quality improvements presents great challenges for management."

Thirty-six percent of the executives pointed to some aspect of human nature — especially resistance to change — as the biggest barrier to implementing new systems to improve quality.

Other frequently cited obstacles were closely related to that "human element:" 15 percent said gaining management commitment was the most troublesome obstacle, and 14 percent cited communications problems, that is, "getting the word out within the company."

Fifty-nine percent of the executives said management — not employees — is primarily to blame for quality problems. And 87 percent agreed that managers are generally "too focused on short-term goals" that may compete with, and hinder, quality improvement efforts.

Almost all (95 percent) of the executives surveyed said that workers who were better at dealing with quality problems as they occur "would go a long way toward eliminating quality deficiencies in the company."

In practice, however, only about one-third of the executives said that rank-and-file workers in their organization were allowed "to make decisions and implement changes regarding problems that arise in their work." Underscoring the point, 58 percent said that workers "must consult with supervisors" before taking any such actions.

Commenting on the implications of the survey results, Labovitz said: "The answer is not 'management by democracy.' Managers must still call the shots.

"But the fact is, most quality problems have nothing to do with employees doing things wrong and everything to do with the systems management creates . . . systems that often block employees from doing their jobs right."

Labovitz said, "We find that most managers are comfortable with providing quality improvement skills to employees. Giving them more of a voice in decision making is a greater challenge. Managers must allow employees more meaningful participation if they expect to see results."

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Automotive News
1400 Woodbridge, Detroit, Michigan 48207

Auction news

• Golden Gate Auto Auction, Fremont, Calif., will host Anniversary Sale '87 on April 21-22. Last year, 1,500 vehicles were sold during the anniversary sale, making it Golden Gate's best sales week.

• Nick Snow has been promoted to vice president of operations of Anglo American Auto Auction Inc. For two years, he had been president and general manager of Nashville Auto Auction, Nashville, Tenn., one of Anglo American's 12 auto auction subsidiaries. Frederich H. Walther has been named to replace Snow. He formerly was assistant general manger of the auction.

• Sixty-five students graduated recently from Mendenhall School of Auctioneering, High Point, N.C.

Clanton's: GM Auction of the Year
J.C. Clanton, left, and Ray Clanton, right, of Clanton's Auto Auction Inc., Darlington, S.C., accept the 1986 GM Auction of the Year award from Paul Dupont, administrator, General Motors Auction Department. GM conducts auto auctions for GM dealers at 24 locations across the United States.

AUCTION DATES

American Motors

April 7 — D-A Auto Auction, New Stanton, Pa.

April 8 — Minneapolis Auto Auction, Plymouth, Minn.

April 9 — Corry Auto Auction, Corry, Pa.

April 10 — St. Louis Auto Auction, Bridgeton, Mo.

April 14 — Aptco Auto Auction, Taylor, Mich., and Statesville Auto Auction, Statesville, N.C.

April 15 — Columbus Fair Auto Auction, Columbus, Ohio; Metro Milwaukee Auto Auction, Caledonia, Wis.; and Kansas City Auto Auction, Kansas City, Mo.

Chrysler Corp.

April 7 — Hatfield Auto Auction, Hatfield, Pa.; Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; and Dallas Auto Auction, Grand Prairie, Texas

April 8 — A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

April 9 — Fredricksburg Auto Auction, Fredericksburg, Va.

April 10 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

April 8 — Atlanta Auto Auction, Red Oak, Ga.; Concord Auto Auction, Acton, Mass.; Salt Lake Auto Auction, Salt Lake City; Southern California Auto Auction, Fontana, Calif.

April 9 — Arena Auto Auction, Chicago; Dallas Auto Auction, Dallas; and Southwest Auto Auction, Phoenix, Ariz.

April 15 — Lakeland Auto Auction, Lakeland, Fla.

April 16 — Aptco Auto Auction, Taylor, Mich.; Denver Auto Auction, Englewood, Colo.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

April 21 — South Seattle Auto Auction, Kent, Wash.

April 22 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

April 23 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

April 24 — Interstate Auto Auction, Mercer, Pa.

April 28 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

General Motors

April 7 — Denver Auto Auction, Englewood, Colo.

April 8 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction, Kansas City, Mo.; Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Used Car Sales
Auction Averages

March, 1987	$5,829
Month ago	$5,703
Year ago	$4,932

Model Breakdown
Auction Averages

	MAR 1987	FEB 1987	JAN 1987
1987	$13,443	$13,406	$13,158
1986	$9,609	$10,038	$11,481
1985	$7,305	$7,382	$7,054
1984	$5,825	$5,940	$5,811
1983	$4,860	$4,843	$4,995
1982	$3,755	$3,628	$3,599
1981	$2,643	$2,537	$2,614
1980	$2,155	$2,167	$1,997
Overall Average	$5,829	$5,711	$5,494

April 9 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Big H Auto Auction, Houston; Nashville Auto Auction, Nashville, Tenn.; and Florida Auto Auction of Orlando, Ocoee, Fla.

April 14 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; and South Seattle Auto Auction, Kent, Wash.

April 15 — Atlanta Auto Auction, Red Oak, Ga.; Clanton's Auto Auction, Darlington, S.C.; and Omaha Auto Auction, Omaha, Neb.

PRODUCTION

Car output edges up to 167,209 for week

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Last week's scheduled production of 167,209 cars was 1.83 percent more than the previous week's 164,212 and 22.85 percent more than the year-ago week's 136,104, which reflected the Easter holiday.

So far this year, 2,177,404 cars have been assembled, 3.34 percent below the 2,252,611 completed last year at this point.

Companies split last week's targeted build as follows: General Motors, 51.83 percent; Ford Motor Co., 25.90 percent; Chrysler Motors, 12.08 percent; Honda of America Manufacturing Inc., 4.37 percent; New United Motor Manufacturing Inc., 2.39 percent; Nissan Motor Manufacturing Co., U.S.A., 1.77 percent; Volkswagen of America, 1.20 percent; and American Motors, 0.46 percent.

AMC's Kenosha, Wis., plant was closed last week (March 30) for inventory adjustment. The plant was expected to resume production today (April 6).

GM has closed five plants and most of a sixth this week (see story on this page for details). The closings will cost the company about 22,000 cars.

GM slated Saturday (April 4) overtime at its Lansing (No. 1) plant.

Ford scheduled Saturday overtime at its Dearborn, Mich., plant.

All Ford car plants are slated for daily overtime this week (April 6).

Chrysler's Sterling Heights, Mich., plant was scheduled for Saturday overtime. The plant is slated for daily overtime this week.

Millionth truck of '87 built

U.S. truckmakers built their one-millionth vehicle of the year last Thursday (April 2), nine days ahead of 1986.

Year-to-date, 1,018,538 units have been produced, 7.98 percent more than the 943,248 assembled last year at this point.

Last week's estimated truck production totaled 79,302 units, 2.10 percent more than the previous week's 77,671 and 35.72 percent more than the year-ago week's 58,431. The year-ago week's production reflected the Easter holiday.

General Motors slated Saturday (April 4) overtime at four plants: Baltimore; Detroit; Lordstown, Ohio; and Pontiac, Mich.

Ford Motor Co. scheduled no Saturday overtime. However, all Ford truck plants are slated for daily overtime this week (April 6).

Canada production steady

Last week's targeted Canadian auto production of 17,338 was 0.58 percent below the prior week's 17,439 and 31.27 percent below the year-ago week's 25,228.

So far this year, 241,172 cars have been assembled, 18.27 percent below the 295,087 completed last year at this point.

Truck production in Canada totaled 18,844 units, 1.84 percent more than the previous week's 18,503 and 4.58 percent more than the year-ago week's 18,019.

Year-to-date, 220,693 trucks have been built, 12.79 percent less than the 253,056 assembled last year at this time.

General Motors' Oshawa, Ontario, (No. 1) plant is down this week (April 6) for inventory adjustment. The plant is expected to resume output April 13.

The Oldsmobile Cutlass Ciera and Pontiac 6000 models are built at that plant.

CANADIAN CAR	Week Ended April 4, 1987	Week Ended April 5, 1986	Week Ended March 28, 1987	March Est.	Jan. 1 to April 5, 1986	Jan. 1 to April 4, 1987
AMERICAN MOTORS	150	111	155	694	1,651	2,010
FORD MOTOR	11,163	11,404	11,497	50,098	148,122	145,626
GENERAL MOTORS	5,600	13,488	5,361	24,374	142,418	88,697
HONDA	200	0	201	854	0	1,914
VOLVO	225	225	225	990	2,896	2,925
Total Cars, Canada	17,338	25,228	17,439	77,010	295,087	241,172
U.S. TRUCK☆	Week Ended April 4, 1987	Week Ended April 5, 1986	Week Ended March 28, 1987	March Est.	Jan. 1 to April 5, 1986	Jan. 1 to April 4, 1987
CHEVROLET	24,395	21,242	21,781	102,961	328,719	296,427
DODGE	5,200	699	5,487	23,887	434	66,069
FORD	31,619	24,558	33,036	144,442	387,929	423,300
GMC	7,948	5,730	7,197	34,116	99,549	100,822
NAVISTAR	1,610	1,599	1,609	7,077	20,019	20,383
JEEP	4,500	0	4,410	19,683	54,617	58,294
NISSAN	1,770	2,153	1,801	7,953	20,309	22,893
AM GENERAL*	50	50	50	220	672	650
MISCELLANEOUS*	2,300	2,400	2,300	10,320	31,000	29,900
Total Trucks, U.S.	79,302	58,431	77,671	350,459	943,248	1,018,536
CANADIAN TRUCK	Week Ended April 4, 1987	Week Ended April 5, 1986	Week Ended March 28, 1987	March Est.	Jan. 1 to April 5, 1986	Jan. 1 to April 4, 1987
AMERICAN MOTORS	525	825	641	2,830	2,915	8,235
CHRYSLER	8,494	7,180	8,745	38,776	120,375	114,881
FORD	3,648	3,648	3,510	14,625	46,512	43,266
GENERAL MOTORS	5,877	6,145	5,412	21,808	80,705	51,749
NAVISTAR	200	221	195	855	2,549	2,563
Total Trucks, Canada	18,844	18,019	18,503	78,894	253,056	220,693
N. American Trucks	98,146	76,078	96,174	429,352	1,196,304	1,239,231

—Includes window van production. *—Estimated
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended April 4, 1987	Week Ended April 5, 1986	Week Ended March 28, 1987	March Est.	Jan. 1 to April 5, 1986	Jan. 1 to April 4, 1987
AMERICAN MOTORS	775	0	0	2,578	12,553	9,137
Renault Total	775	0	0	2,578	12,553	9,137
Alliance	775	0	0	2,578	11,011	9,137
Encore	0	0	0	0	1,542	0
CHRYSLER MOTORS	20,200	22,632	21,828	98,012	387,223	322,266
Plymouth Total	5,500	5,810	5,844	29,277	106,672	114,167
Horizon	0	1,821	0	2,014	39,712	32,324
Sundance	2,100	0	2,226	10,558	0	30,141
Reliant	2,500	2,634	2,382	11,632	47,358	35,509
Caravelle	900	850	1,236	5,073	16,011	16,189
Gran Fury	0	505	0	0	3,591	4
Chrysler Total	8,000	8,465	8,613	35,663	138,920	89,110
Laser	0	792	0	0	13,937	0
LeBaron K	1,700	1,696	1,880	9,009	33,310	24,463
LeBaron J	2,800	0	2,549	9,218	0	24,060
LeBaron GTS	700	2,148	776	3,765	29,381	10,950
New Yorker/E-Class	1,800	1,191	2,406	9,335	20,491	24,186
Fifth Avenue	1,000	2,640	1,002	4,336	41,811	5,451
Dodge Total	6,700	8,357	7,371	33,072	141,631	118,989
Daytona	1,200	939	1,221	4,531	13,197	11,881
Omni	0	1,789	0	1,770	40,473	27,744
Shadow	1,800	0	1,907	8,955	0	26,754
Aries	2,300	1,904	2,343	10,391	35,119	30,891
Dodge 600	900	1,537	1,221	4,834	22,880	14,331
Lancer	400	1,480	526	2,398	22,318	7,431
Diplomat	100	708	153	193	7,644	257
FORD MOTOR	43,311	33,427	43,109	190,506	479,748	561,071
Ford Division	31,158	22,624	29,974	134,332	326,996	387,964
Escort	8,365	7,429	8,303	36,531	107,747	101,658
Mustang	5,345	3,263	4,586	21,647	53,700	61,835
Tempo	4,526	3,284	4,432	19,436	55,763	54,938
Taurus	9,356	6,285	9,281	41,730	53,193	129,225
Thunderbird	3,566	2,363	3,372	14,987	46,593	40,308
L-M Division	12,153	10,803	13,135	56,174	152,752	173,107
Mercury Total	8,053	7,861	9,035	38,191	102,802	122,694
Lynx	1,058	1,090	1,075	4,678	17,947	16,331
Capri	0	295	0	0	4,688	0
Topaz	971	1,060	1,121	4,761	17,509	15,978
Cougar	2,586	2,399	3,354	14,515	32,295	49,045
Sable	3,436	3,017	3,485	14,236	30,363	41,340
Lincoln Total	4,100	2,942	4,100	17,983	49,950	50,413
Continental	409	330	403	1,798	5,695	5,045
Lincoln	3,075	2,207	3,075	13,487	37,472	37,806
Mark VII	616	405	622	2,698	6,783	7,562
GENERAL MOTORS	86,648	71,877	83,476	381,241	1,241,684	1,080,478
Buick Total	12,956	11,803	11,943	57,648	196,840	175,241
Skyhawk	825	1,560	834	3,778	23,586	12,392
Century	4,587	4,584	4,188	19,430	65,068	56,384
Regal	1,014	0	976	4,239	11,739	12,896
Somerset/Skylark	0	1,838	0	5,981	25,912	21,013
LeSabre (fwd)	3,590	1,942	2,902	10,969	27,651	30,849
LeSabre/Electra (rwd)	203	261	366	1,377	3,685	5,511
Electra (fwd)	2,416	1,206	2,522	10,786	33,699	30,160
Riviera	321	412	155	1,088	5,500	6,036
Cadillac Total	7,323	5,316	7,760	32,303	81,959	94,817
Cimarron	326	495	459	1,937	6,930	5,873
Allante	100	0	75	275	0	706
Brougham (rwd)	1,656	1,595	2,122	9,054	21,971	25,306
DeVille (fwd)	4,000	2,449	3,965	17,610	43,302	49,659
Eldorado	651	387	615	1,796	5,586	5,308
Seville	588	390	526	1,630	4,170	7,965
Chevrolet Total	35,044	22,683	33,276	146,896	407,243	399,864
Chevette	0	1,931	0	0	30,810	0
Camaro	3,020	3,811	2,940	6,378	59,426	23,924
Cavalier	8,098	6,433	8,000	35,295	118,799	100,060
Celebrity	8,317	4,917	8,762	38,792	85,380	108,864
Corsica/Beretta	7,119	0	5,071	28,518	0	73,637
Monte Carlo	1,890	1,775	2,000	9,786	33,211	20,889
Chevrolet	5,960	3,172	5,878	25,318	72,715	64,136
Corvette	640	644	625	2,809	6,902	6,354
Oldsmobile Total	14,206	17,475	12,978	69,625	319,732	203,538
Firenza	521	1,048	294	1,393	14,873	5,829
Calais	0	1,787	0	8,071	39,711	28,800
Cutlass Ciera	3,692	3,733	3,506	15,941	79,759	53,407
Cutlass Supreme	2,735	1,642	1,648	9,090	55,775	16,893
88 (fwd)	4,441	6,647	4,867	23,045	81,963	63,249
88 (rwd)	423	296	372	1,605	6,564	5,199
Olds 98	1,863	2,018	1,889	9,172	37,197	25,084
Toronado	531	304	402	1,307	3,890	5,077
Pontiac Total	17,119	14,600	17,519	74,769	235,910	207,018
Acadian*	0	410	0	0	4,015	0
Fiero	0	1,746	1,193	4,694	24,705	9,992
1000	0	754	0	0	10,145	0
Firebird	2,224	2,052	2,349	6,328	32,333	21,010
2000 Sunbird	2,666	2,391	2,945	12,825	39,198	33,667
Grand Am	6,120	3,551	5,160	25,311	59,541	72,382
6000	2,544	2,409	2,345	10,219	42,957	25,078
Bonneville	3,150	0	3,190	13,848	0	41,188
Safari/Parisienne	415	1,287	337	1,544	23,016	3,701
HONDA	7,315	3,526	6,769	31,152	48,145	91,723
Civic	1,605	0	1,676	7,860	0	31,948
Accord	5,710	3,526	5,113	23,292	48,145	59,777
NISSAN	2,960	0	2,988	13,058	22,517	38,126
NUMMI	4,000	3,070	3,977	17,608	37,120	52,628
Corolla	750	0	874	3,698	0	10,825
Nova	3,250	3,070	3,103	13,910	37,120	41,803
VOLKSWAGEN	2,000	1,572	2,045	8,828	23,621	21,973
Golf/GTI	1,750	1,572	1,795	7,728	23,621	19,223
Jetta	250	0	250	1,100	0	2,750
Total Cars, U.S.	167,209	136,104	164,212	742,984	2,252,611	2,177,404
Total Cars, Canada	17,338	25,228	17,439	77,010	295,087	241,172
N. American Cars	184,547	161,332	181,651	819,994	2,547,698	2,418,576
N. American Trucks	98,146	76,650	96,174	429,352	1,196,304	1,239,231
North American Cars and Trucks	282,693	237,782	277,825	1,249,346	3,744,002	3,657,807

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units due to rounding.

GM closes six plants to cut stocks

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

General Motors has closed five plants and most of a sixth this week and will close another one the week of April 13. About 28,000 workers will be idled by the shutdowns, which are expected to last one week.

Sluggish sales and swollen inventory of several GM car lines are responsible for the shutdowns. It is GM's largest temporary layoff this year. In January, six plants were closed to adjust inventory and one plant was idled for installation of paint equipment.

Production of about 22,000 cars will be lost by the newly announced plant closings for this week.

Two other assembly plants remain idle this week. The Fiero plant in Pontiac Mich., is in the second week of a two-week shutdown because of high inventories. Fiero output had been running about 1,200 a week. The Lakewood, Ga., plant is down for model changeover until mid-May.

GM has trimmed 100,000 cars from its second-quarter production schedule (Automotive News, March 30) to control its high inventory. However, industry analysts believe there will be even more plant closings at GM before the end of the second quarter.

All assembly operations except Cadillac Allante are down this week at the Detroit-Hamtramck plant. Other assembly plants beginning a one-week shutdown today are: Pontiac, Mich.; Wentzville, Mo.; Tarrytown, N.Y.; Oklahoma City; and Oshawa, Ontario. The body assembly plant in Flint, Mich., also is closed this week.

The Oklahoma City assembly plant will be down the week of April 13.

These are the car lines affected by this week's new shutdowns: Pontiac 6000; Buick Regal, Century, Electra and Riviera; Oldsmobile Cutlass Supreme, Cutlass Ciera, 88, 98 and Toronado; and Cadillac Eldorado and Seville.

The Oklahoma City plant, which will be down next week, assembles Chevrolet Celebrity and Buick Century.

Nissan builds 500,000th in Tennessee

Nissan Motor Manufacturing Corp. U.S.A. employee Greg Sells tests the Nissan Sentra that he won. The car is the 500,000th vehicle manufactured at the Smyrna, Tenn., plant since it bagan producing pickup trucks in 1983. Tennessee Gov. Ned McWherter, center, and Nissan President Marvin T. Runyon look on. The plant's first Sentra, built on March 26, 1985, was presented to the governor for display by the state.